

OCTOBER 10, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF GAYATRI PROJECTS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	2108.84 (enhanced from 2089.33)	CARE BB- (Double B Minus)	Reaffirmed
Long-term/Short-term Bank Facilities	3900.00 (enhanced from 3500.00)	CARE BB-/CARE A4 (Double B Minus/ A Four)	Reaffirmed
Total	6008.84 (Rupees Six thousand Eight crore and Eighty Four lakh only)		

Rating Rationale

The ratings assigned to the bank facilities of Gayatri Projects Limited (GPL) continue to remain constrained by the increasing debt levels resulting in highly leveraged capital structure, high exposure towards group companies albeit decrease in same and continuing strained liquidity position due to working capital intensive nature of business with high debtor collection period despite improvement in same during FY16 (refers to the period April 01 to March 31). The ratings, however, are underpinned by the track record of the company and promoters' experience, healthy and diversified order book position, improvement in total income, profits and profitability margins during FY16. The ability of the company to improve its liquidity profile, capital structure and successful execution of all its existing orders along with effective management of its cash flow are the key rating sensitivities.

Background

Gayatri Projects Limited (GPL) is promoted by Dr T. Subbarami Reddy, while the day-to-day management of the company is currently undertaken by his son and Managing Director Mr T V Sandeep Kumar Reddy. GPL is a prominent infrastructure construction company with over four decades of experience in executing various infrastructure projects, especially in road and irrigation segment. GPL, an ISO 9001 – 2000 company, is engaged in execution of major Civil Works including Concrete/Masonry Dams, Earth Filling Dams, National Highways, Bridges, Canals, Aqueducts, Ports, etc. It specialises in engineering, procurement and construction (EPC) of road, irrigation and industrial projects across India.

During FY16, GPL registered PBILDT of Rs.318.55 crore (FY15: Rs.261.41 crore) and PAT of Rs.58.65 crore (FY15: Rs.22.05 crore) on a total operating income of Rs.1871.30 crore (FY15: Rs.1652.84 crore).

During Q1FY17, GPL registered PBILDT of Rs.68.25 crore and PAT of Rs.16.35 crore on a total operating income of Rs.439.87 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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